



UniCredit Bank Ireland p.l.c.
Corporate Governance Arrangements and
Practices

Dublin, Year 2020

For internal use only

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1. INTRODUCTION

UniCredit Bank Ireland p.l.c. (the “**Bank**”)’s overall corporate governance framework, i.e. the system of rules and procedures that its Board of Directors (the “**Board**”) refers to in order to direct the principles of their behaviour and fulfill their various responsibilities towards the Bank’s stakeholders, has been built up in compliance with, among other things, the requirements of the Central Bank of Ireland’s Corporate Governance Code for Credit Institutions 2015 (the “**Code**”).

In accordance with regulation 84 of the European Union (Capital Requirements) Regulations 2014 (the “**CRD IV Regulations**”), S.I. No. 158 of 2014, this document describes how the Bank complies with regulations 76 to 83 of CRD IV which primarily relate to issues of governance, remuneration and reporting.

2. GROUP GOVERNANCE & OVERSIGHT

Effective organisational structures and corporate governance arrangements and controls are essential to the achievement of business objectives for all enterprises. For banks, these are particularly important given the risks associated with banking activities and their relationship to the public interest. Accordingly, banks are subject to detailed and specific prudential, conduct of business and governance arrangements as well as close regulatory oversight and scrutiny.

The organizational structures and corporate governance arrangements and controls designed and operated by the Bank, in addition to responding to the needs of the particular business, must guarantee conditions of prudent and sound management.

Through its management and coordination activities, the UniCredit Group is responsible for (i) ensuring the overall coherence of the system of group governance, while also taking into account individual specifics, and (ii) establishing comprehensive group rules for governance with reference to the structure, composition and remuneration of the Board based on locally applicable regulatory obligations and the rules of local competent authorities and European Supervisory Authorities.

At a Group level there is an expectation that the Bank’s governance arrangements include:

a Board of sufficient size and expertise to oversee the operations of the Bank;

- a Chief Executive Officer (CEO) with ultimate executive responsibility for its operations, compliance and performance. The CEO is responsible for leadership of the of the Bank and managing such business within the authorities and scope delegated by the Board;
- a Senior Management Team comprising strong and diverse management capabilities;
- a clear organisational structure with well defined, transparent and consistent lines of responsibility;
- a framework and policy architecture which comprises a comprehensive and coherent suite of frameworks, policies, procedures and standards covering business and financial planning, corporate governance and risk management;
- effective structures and processes to identify, manage, monitor and report the risks to which the Bank is or might be exposed;
- adequate internal control mechanisms, including sound administrative and accounting procedures, IT systems and controls, and remuneration policies and practices which are consistent with and promote sound and effective risk management; and
- a strong and functionally independent internal and external audit functions.

3. THE BOARD OF DIRECTORS

The Board comprises 7 members, made up of 3 independent non-executive directors, 3 group directors and 1 executive director (the CEO).

Each director's term of office is for 3 years at which point his or her membership will be reviewed (up to a maximum of 9 years).

The Chairman is proposed for election or reappointment on an annual basis.

The Board is responsible for corporate governance, encompassing leadership, direction and control of the Bank and is accountable to the sole shareholder for financial performance.

While the Board has generally delegated the day to day management, organisation and administration of the Bank's affairs to the Management Team, the following matters are specifically reserved for decision by the Board:

- corporate governance within the Bank at all times and, in particular, overseeing the efficiency of governance arrangements;
- examining and approving the strategic, operational and financial plans of the Bank and monitoring periodically their related implementation;
- defining the risk appetite of the Bank, ensuring that the risk management system and internal controls reflect the risk appetite and that there are adequate arrangements in place to ensure there is regular reporting to the Board on compliance with the risk appetite;
- evaluating the adequacy of the organizational, administrative and accounting structure of the Bank, in particular, with regard to internal controls, the Board is responsible for implementing an adequate and effective internal control framework, which includes a well-functioning risk control, compliance and internal audit function as well as an appropriate financial reporting and accounting framework. The Board must satisfy itself that all key control functions within the Bank such as internal audit, compliance and risk management are independent of business units and have adequate resources and authority to operate effectively and receive timely, accurate and sufficient information;
- specifying the frequency with which relevant function heads should report to the Board on the activities performed in the exercise of the powers delegated to them (in any case this shall be no less than once every three months);
- evaluating the general performance of the Bank, paying particular attention to the information received from the function heads and periodically comparing the results achieved with those planned;
- performing, at least annually, an evaluation of the performance of the Board. Such evaluation shall consider the size and composition, taking into account the professional competence, experience and gender of Board members and the number of years that each member of the Board has been a director of the Bank.

The Bank has produced detailed terms of reference of the Board which are updated annually.

a. Committees of the Board

The Board has established two committees (namely an Audit Committee and a Risk Committee). These committees were established to assist the Board in fulfilling its oversight responsibilities as set out in more detail below.

1. Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in respect of the Bank and its affairs.

The Audit Committee is made up of two independent non-executive directors and one group director.

The Board has produced (and reviews regularly) the detailed terms of reference for the Audit Committee detailing , among other things, its duties, responsibilities, authority, the manner in which it should operate and rules in relation to its composition. Each member of the Audit Committee is provided, and is expected to comply, with these terms of reference.

The full terms of reference of the Audit Committee are available to each Director.

2. Risk Committee

The primary functions of the Risk Committee are to assist the Board to fulfil its oversight responsibilities by advising the Board on the current risk exposures of the Bank and future risk strategy and overseeing the risk management function of the Bank.

The Risk Committee is made up of one group director, one executive director and one independent non-executive director.

The Board of Directors has produced (and reviews regularly) detailed terms of reference for the Risk Committee detailing among other things, its duties, responsibilities, authority, the manner in which it should operate and rules in relation to its composition. Each member of the Risk Committee is provided, and is expected to comply, with these terms of reference.

The full terms of reference are available to each Director.

4. MANAGEMENT TEAM

The management team is accountable to the CEO and has direct access to the Chairman of the Board if required. Subject to financial and risk limits set by the Board, and excluding those matters which are reserved specifically for the Board, the management team under the leadership of the CEO has responsibility for the day-to-day management of the Bank's operations. It assists and advises the CEO in reaching decisions on the Bank's strategy, governance and internal controls, and performance and risk management.

5. COMPOSITION OF BOARD OF DIRECTORS

The Board is made up of executive and non-executive directors. Non-executive directors bring their specific expertise to Board discussions and contribute to the adoption of fully informed decisions paying particular care to the areas where conflicts of interest may exist.

b. Chairman

- The Chairman's responsibilities include leadership of the Board, ensuring its effectiveness, setting its agenda, ensuring that the Directors receive adequate, accurate and timely information and facilitating the effective contribution of the Non- Executive Directors.
- The Chairman's is expected to:
 - uphold the highest standards of integrity and probity;
 - set the agenda, style and tone of Board discussions to promote constructive debate and effective decision-making;
 - promote effective relationships and open communication, both inside and outside the boardroom, and, to the extent necessary and useful (but not so as to intrude on the Chief Executive Officer's responsibilities), between non-executive directors and the management team;
- ensure there is an effective and complementary Board, initiating change and planning succession in Board appointments, subject to Board and Shareholders approval;

- promote high standards of corporate governance and seek compliance with the provisions of the Central Bank of Ireland's Corporate Governance Code for Credit Institutions;
- ensure the Board committees are properly established, composed and operated;
- establish a close relationship of trust with the CEO, providing support and advice while respecting executive responsibility;
- provide coherent leadership of the Board, including representing the Bank where appropriate and understanding the views of shareholders and regulators

The current Chairman is Mr Aidan Williams who was appointed on 29th January 2018.

c. Chief Executive Officer

The CEO is the top executive responsible for the Bank with ultimate executive responsibility for its operations, compliance and performance. He is responsible for leadership of the business and managing it within the authorities delegated by the Board, and in particular:

- developing strategic proposals for recommendation to the Board and ensuring that agreed strategies are implemented in practice by the Bank in particular, the CEO, should develop strategic operating plans that reflect the longer-term objectives and priorities of the Bank established by the Board;
- being responsible to the Board for the performance of the business and operations of the Bank consistent with the agreed plans, strategies and policies;
- maintaining an ongoing dialogue with the Chairman of the Board;
- developing and monitoring an organisational structure and establishing processes and systems to ensure the efficient organisation of resources;
- building, maintaining and leading an effective management team;
- developing and maintaining an effective framework of internal controls over risk in relation to all business and trading activities;
- ensuring that the operating objectives and standards of performance are not only understood but owned by the management and other employees;
- monitoring closely the operating and financial results against plans and budgets;
- taking remedial action where necessary and informing the Board of significant changes;
- maintaining the operational performance of the Bank and ensuring that business performance is consistent with the business principles of the UniCredit Group ;
- formulating and successfully implementing Bank policy.

The current CEO is Mr Bernd Broeker who was appointed on 25th June 2020.

d. Independent Non-Executive Directors

As an integral component of the Board, independent non-executive directors represent a key layer of oversight of the activities of the Bank. It is essential for independent non-executive directors to bring a viewpoint to the deliberations of the Board that is objective and independent from the activities, and the day to day management of, the Bank .

e. Group Directors

The role of the group non-executive directors, under the Chairman's leadership is, inter-alia:

- To ensure that there is an effective executive team in place;
- To participate actively in constructively challenging and developing strategies proposed by the executive team;
- To participate actively in the Board's decision-making process;

- To participate actively in Board committees; and
- To exercise appropriate oversight over execution by the management team of the agreed strategies, goals and objectives and to monitor reporting of performance

Group directors shall act critically and independently so as to exercise objective and independent judgement.

f. Company Secretary

The Directors have access to the advice and services of the company secretary who is responsible for advising the Board on all governance matters, ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary facilitates information flows within the Board and its committees and between the senior management team and Non-Executive Directors, as well as facilitating induction and assisting with professional development as required.

g. Diversity

The Bank respects and values diversity and is committed to complying with the relevant aspects of the Code. Accordingly the Board had created a diversity policy which stipulates the approach to diversity when selecting candidates for nomination to the Board of directors of the Bank. The Diversity Policy reflects an intention of the Bank to consistently strive to increase diversity at Board level. The Diversity Policy recognises that a diverse board is one that comprises and utilises distinctions in the skills, experience, background, nationality, gender, race, age and other qualities of this members.

A copy of the Bank's Diversity Policy is maintained on the Bank's internal network.

h. Remuneration

The Board has approved a remuneration policy to ensure that all employees are remunerated fairly and to align the business objectives of the Bank with specific and measurable individual objectives and goals, the business strategy, objectives, and long-term interests of the Bank. This Policy is also structured so as to minimise actual or potential conflicts of interest and is consistent with and promotes sound and effective risk management.

A copy of the Bank's Remuneration Policy is maintained on the Bank's internal network.

6. BOARD OF DIRECTORS BIOGRAPHIES

Chairman – Aidan Williams

Date of appointment – 29th January 2018

Background:

Mr Williams is a senior financial services executive with over forty years of experience in International Capital Markets and Investment Banking. He previously held senior roles with ABN AMRO Bank NV, Dublin and London based roles with Commerzbank AG, UBS Investment Bank and HSBC Global Banking and Markets. In these roles he has gained specific experience in Market Risk, Operational Risk, Balance Sheet Management, Business Strategy and Planning. He also has direct experience in the Distressed Loans Market, Structured Investment Product Sales and Asset Securitisation.

External appointments:

Company Name Country Appointed

- Bnp Paribas Vartry Reinsurance Designated Activity Company (334578)

- Goodbody Platform Icarv (C158842)
- Macquarie Capital Ireland Dac (634747)
- National Asset Jv A Designated Activity Company (529807)
- National Asset Loan Management Designated Activity Company (480246)
- National Asset Management Agency Investment Designated Activity Company (480243)
- National Asset Management Designated Activity Company (480244)
- National Asset Management Group Services Designated Activity Company (480245)
- National Asset Management Services Designated Activity Company (480247)
- National Asset North Quays Designated Activity Company (559967)
- National Asset Property Management Designated Activity Company (480248)
- National Asset Residential Property Services Designated Activity Company (515581)
- Pembroke Beach Designated Activity Company (647557)
- Pembroke Ventures Designated Activity Company (630266)
- Pembroke West Homes Designated Activity Company (647558)
- EAA Covered Bond Bank Limited (354677)
- National Asset Management Agency

Group Director – Guy Laffineur

Date of Appointment – 6th June 2017

Background

Mr Laffineur is currently Global Head of Markets since August 2016 and prior to this was Deputy Head of Markets for the risk cluster (trading activities) as well as directly overseeing FX, Commodities, CEE Trading, CVA and Quants.

Before joining UniCredit in 2011, Mr Laffineur worked at Crédit Agricole Group from 2003 – 2011 first as Head of Interest Rates, Currencies and Commodities and then as Global Head of Fixed Income. Before that, he worked for ten years at Crédit Lyonnais where he held various positions including Global Head of Derivatives and Fixed Income Division.

Mr Laffineur is a member of the Board of UniCredit Bank AG, Vienna Branch and member of the Board of the Association for Financial Markets in Europe (AFME).

CEO – Bernd Broeker

Date of appointment – 25 June 2020

Background

Mr. Broeker has extensive experience in the Banking industry with more than 30 years employment in financial markets trading, sales, digital development and senior managerial roles across a variety of asset classes.

Mr. Broeker first joined the UniCredit Group in 2011 as Global Head of FX, was most recently Head of Institutional Distribution UK, CEE & France, and has managed Global businesses serving Corporate and Institutional clients in cooperation with most divisions of the bank. He has a deep and diverse experience in Global Markets through service at European, Asian and US financial institutions with focus on risk and people management, compliance, digital development and organizational culture.

Mr. Broeker has no external appointments.

Group Director - Andrea Marchetti

Date of Appointment – 6th June 2017

Background

Mr Marchetti has been working in UniCredit Group since 1992 covering different senior roles within Group Treasury and Finance Departments. He is currently working in the CFO competence line with a wide range of responsibilities which include Liquidity, Profit & Loss and Organizational Process analysis and reporting at Group level, with particular focus on the liquidity analysis according to new EBA/Delegated Act Regulatory framework.

Mr Marchetti has no external appointments.

Group Director – Attilio Napoli**Chairman of the Risk Committee and Member of the Audit Committee**

Date of Appointment – 5th May 2016

Background

Mr Napoli is currently Head of Financial Risk Italy and is responsible for the control of liquidity, interest rate, market, counterparty, trading credit and collateral risks at the Regional Center Italy.

Previously he worked within various entities of the UniCredit Group specifically as Head of Investments and Market Making for Capitalia.

Mr Napoli has no external appointments.

Independent Non-Executive Director – Ms. Tara Doyle**Member of the Board, Risk and Audit Committee**

Date of Appointment – 8th May 2019

Background

Tara Doyle is a partner in the Asset Management and Investment Funds Department at Matheson. She practices corporate and financial services law and has extensive experience in advising on the legal and regulatory issues surrounding the establishment of private and public investment funds, the structuring, offer and sale of investment instruments and investment products, the provision of investment advice and other financial services and the public issuance of equity and debt securities. Ms. Doyle advises many of the world's leading financial institutions, investment banks, asset management companies, broker-dealers and corporations carrying on business in Ireland or through Irish vehicles.

She was the first female head of an Irish asset management practice and in 2016 and 2017 was named Europe's Best in Investment Funds at the Euromoney Women in Business Law Awards, the first Irish woman to receive that award. Ms Doyle was also included in The Hedge Fund Journal's 50 Leading Women in Hedge Funds in 2017. In 2018 she was recognised in the IFLR1000 Women Leaders Guide as one of the 300 female lawyers considered to be among the best transactional specialists in their markets and practice areas.

External appointments

Ms Doyle holds a number of Directorships in the following companies:

- Matheson Group Companies connected to her partner role in Matheson
- Goldman Sachs Subsidiaries;
- Vanguard Group companies
- World Vision

Independent Non-Executive Director – Ms. Lynda Carroll

Member of the Board, Risk and Chair of Audit Committee

Date of Appointment – 27th February 2020

Background

Lynda has over 30 years' experience in financial services at board and senior executive level in the private and public sector. She has been Managing Director & Vice President Global Structured Finance Europe of De Lage Landen Ireland (part of the Rabobank group), Lead Central Bank of Ireland prudential supervisor of one of Ireland's pillar banks and Head of Capital Allocation & Risk Based Pricing at Allied Irish Banks plc.

A graduate of University College Dublin with an Honours Master of Arts degree, Lynda is a Chartered Accountant and Chartered Tax Advisor.

She holds a Chartered Accountants Ireland Diploma in International Financial Reporting Standards (2008) and the UCD Michael Smurfit Graduate Business School Professional Diploma in Corporate Governance (2016).

Lynda now works as an Independent Non-Executive Director in the financial services, state and voluntary sector.

External appointments

Ms Carroll is a member of the Board of Governors and Guardians of the National Gallery of Ireland (2016), the Board of Dublin Bus (2019), the Board of Diversified Notes plc (2019) the Board of The Ark Children's Cultural Centre Company (2019) and of the Board of National Bank of Canada Global Finance Limited (2020).

7. COUNTRY BY COUNTRY REPORTING

UniCredit Bank Ireland p.l.c. does not have any establishments outside Ireland and therefore is not required to report any disclosures in relation to Regulation 77 Country-by-country reporting.

8. PUBLIC DISCLOSURE OF RETURN ON ASSETS

Details of the return on average total assets can be found in the 2019 Financial Statements which can be found on the Bank's website.

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IFSC